



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 14, 2008

RQ-2

Jeff Larson, Treasurer
Northstar Leadership PAC
P.O. Box 28754
St. Paul, MN 55128

Response Due Date:
June 16, 2008

Identification Number: C00386573

Reference: Mid-Year Report (1/1/07 – 6/30/07)

Dear Treasurer:

This letter is prompted by the Commission's preliminary review of the report(s) referenced above. This notice requests information essential to full public disclosure of your federal election campaign finances. **Failure to adequately respond by the response date noted above could result in an audit or enforcement action.** Additional information is needed for the following 2 items:

1. Schedule B of your report (see attached) discloses one or more contributions which appear to exceed the limits set forth in the Act. 2 U.S.C. §441a(a) prohibits a multicandidate committee and its affiliates from making a contribution to a candidate for federal office in excess of \$5,000 per election.

If any apparently excessive contribution in question was incompletely or incorrectly disclosed, you should amend your original report with clarifying information.

If any contribution you made exceeds the limits, you must request a refund of the excessive amount or provide a written authorization for a redesignation of the contribution pursuant to 11 CFR §110.2(b) within 60 days of the treasurer's receipt.

If the foregoing conditions for redesignations were not met within 60 days of the treasurer's receipt, your committee must obtain a refund of the excessive amount.

Please inform the Commission of your corrective action immediately in writing and provide a photocopy of the refund or redesignation request sent

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to the recipient committee(s). In addition, any refunds should be disclosed on Schedule A supporting Line 16 of the report covering the period during which they are received. Any redesignations should be disclosed as memo entries on Schedule B supporting Line 23 of the report covering the period during which the redesignation is made. 11 CFR §110.1(b)

Although the Commission may take further legal action regarding the excessive contribution(s), your prompt action in obtaining a refund and/or redesignating the contribution(s) will be taken into consideration.

2. Schedule B supporting Line 21(b) of your report discloses a payment(s) to a federal candidate/committee(s) for goods and/or services. 11 CFR §100.52(d)(1) states that "...the provision of any goods or services without charge or at a charge which is less than the usual and normal charge for such goods or services is a contribution." Examples of goods and services include equipment, supplies, personnel, membership lists and mailing lists. The term "usual and normal charge" for goods is defined as "...the price of those goods in the market from which they ordinarily would have been purchased at the time of the contribution". The usual and normal charge for services is defined as "...the hourly or piecework charge for the services at a commercially reasonable rate prevailing at the time the services were rendered." 11 CFR §100.52(d)(2)

Please clarify whether your committee was assessed the usual and normal charge for the goods and/or services provided by the federal candidate committee(s) and explain the steps your committee took in determining the amount(s) charged. If your committee was provided the goods and/or services at less than the usual and normal charge, the difference between the two is considered to be an in-kind contribution to your committee from the federal candidate committee(s) and is subject to the limits set forth at 2 U.S.C. §441a. (11 CFR §100.52(d)(1)) Further, please amend your report to clarify the nature or purpose of these receipts.

3. Your calculations for Line 8 appear to be incorrect. Cash-on-hand at the close of the current reporting period should always equal the closing calendar year-to-date cash-on-hand amount. Please provide the corrected total on the Summary Page.

4. Schedule A of your report discloses earmarked contributions totaling \$5,000, with no corresponding entries on Schedule B. Pursuant to 11 CFR §110.6(c)(1)(v), all earmarked contributions that have passed through a conduit's account must be itemized on the receipt (Schedule A) and disbursement (Schedule B) schedules, regardless of amount. All earmarked

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contributions that have been forwarded in the form of the contributor's check or written instrument must be itemized as memo entries on the receipt (Schedule A) and disbursement (Schedule B) schedules, regardless of the amount. Please amend your report to clarify these discrepancies.

5. Please amend Schedule A supporting Line 11(a)(i) by providing the recipient candidate/committee for the earmarked contribution received from "Nat'l Assoc. of Broadcasters PA." 11 CFR §104.3(a)(4)(ii) and (iii)(B)

6. Itemized disbursements must include a brief statement or description of why the disbursements were made. Please amend Schedule B supporting Line(s) 21(b) of your report to clarify the following description(s): "Change Fee," "Holiday Gfits {sic}," "Holiday Gifts," "PAC Administrative Consultant Fee," "PAC Consultant Fee," "PAC Fundraising Consultant Fee" paid to an individual, and "PAC Fundraising Consultant Fees" paid to an individual." For further guidance regarding acceptable purposes of disbursements, please refer to 11 CFR §104.3(b)(3).

7. Schedule B of your report discloses a reimbursement(s) to an individual(s) for apparent travel and subsistence advances in which the total amount reimbursed exceeds \$500. When the reimbursement amount to staff for travel and subsistence advances exceeds \$500, the payments by committee staff that make up the reimbursement may have to be itemized. For example, if the related payment(s) to any one vendor by the staff aggregates in excess of \$200 for the calendar year, the payment(s) must be itemized as a memo entry for that reimbursement. Each memo entry must include the complete name and address of the original vendor, as well as the date, amount and an adequate purpose. Please amend your report to include the missing information and clearly identify on the Schedule B, which reimbursement each memo entry relates to. If itemization is not necessary for a particular reimbursement to staff in excess of \$500, you must clarify this in an amendment to this report. 11 CFR §104.9 and Advisory Opinion 1996-20, footnote 3

8. Schedule B discloses an expenditure(s) for "Direct Mail," "Diret Mail {sic}" and "Polling Expense." If a portion or all of these expenditures were for public communications (as defined by 11 CFR §100.26) or voter drive activity (under 11 CFR §106.6(b)(2)(i)) containing express advocacy as defined under 11 CFR §100.22, this would constitute an in-kind contribution or an independent expenditure and should be properly disclosed on a Schedule B or E supporting Line 23 or 24 as appropriate. Public communications and voter drive activity that refer to a clearly identified Federal candidate, but that do not expressly advocate the election

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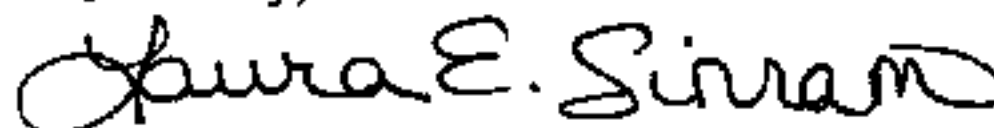
or defeat of that candidate should be reported on Schedule B for Line 21(b) of the Detailed Summary Page. Please clarify whether this activity contained express advocacy and amend your report to properly disclose this activity, if necessary.

9. On Schedule D of your report, you disclose a debt(s) owed to "Patton Boggs, LLP." This obligation(s), however, shows a negative debt incurred with the purpose of "Note: Credit Adjustment to bill." Please amend your report to clarify the nature or purpose of this adjustment. Please be advised that all debts and obligations must be disclosed until extinguished and all offsets received must be in the normal course of business. 11 CFR §104.11

Please note, you will not receive an additional notice from the Commission on this matter. Adequate responses must be received by the Commission on or before the due date noted above to be taken into consideration in determining whether audit action will be initiated. Failure to comply with the provisions of the Act may also result in an enforcement action against the committee. Any response submitted by your committee will be placed on the public record and will be considered by the Commission prior to taking enforcement action. **Requests for extensions of time in which to respond will not be considered.**

Electronic filers must file amendments (to include statements, designations and reports) in an electronic format and must submit an amended report in its entirety, rather than just those portions of the report that are being amended. If you should have any questions regarding this matter or wish to verify the adequacy of your response, please contact me on our toll-free number (800) 424-9530 (at the prompt press 5 to reach the Reports Analysis Division) or my local number (202) 694-1157.

Sincerely,



Laura E. Sinram
Senior Campaign Finance Analyst
Reports Analysis Division

Excessive Contribution to a Candidate

Recipient Name	Date	Amount	Election	Report
Friends of Gordon Smith Committee	2/27/07	\$5,000	P-2008	2007 Mid Year
Friends of Gordon Smith Committee	6/29/07	\$5,000	P-2008	2007 Mid Year

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